

Accurate Tax Service Newsletter

2024 Tax Year

Happy New Year to you and your family. It's a new year and time to file your 2024 tax return. I included some important information about any tax changes, credits, and updates. I advise you to read the newsletter and look for what information applies to you. I'm still taking appointments by email: info@accuratetax.org, text or over the Phone: [612-216-2062](tel:612-216-2062). Also, I advise each person to set up a secure portal account if you want a digital tax return copy. The secured portal account is encrypted and safer than using your email. Contact me if you want me to help you set up an account.

- **Tax Documents**: Wait for all your tax documents before setting up an appointment and filing your tax return. W2s can arrive before or after January 31, 2025. You must file all your income in your 2024 tax return. Each taxable income goes on the year you received it.
- **Important Information**: There's no change in the taxability of income. All income, including part-time work (W2), side jobs(self-employed) or the sale of goods/services are still taxable. Taxpayers must report all income on their tax return unless it's excluded by law, whether they receive a Form 1099-K, a Form 1099-NEC, Form 1099-MISC or any other information return.
- **1099 – K**: Payment apps (from PayPal, Venmo, Zelle, Cash app, eBay & any other Merchant digital payment apps) are required to send Forms 1099-K to taxpayers who receive over \$5,000 for sellers or services to clients.
- **Cryptocurrency**: The IRS is clear crypto may be subject to capital gains tax or income tax in the USA. You'll pay capital gains tax anytime you make a gain from selling or trading crypto. You'll pay income tax when you earn new tokens - like mining rewards, staking rewards, and even airdrops.

- **Health savings account**: If you or your spouse used an HSA account for medical expenses. You should receive or retrieve a form 1099-SA to report on your tax returns. Contact the company that manages the HSA account.
- **Brokerage accounts**: February 15, 2025, Deadline for brokers (Robinhood, Fidelity, Vanguard, Charles Schwab & etc.) to send various Forms 1099 for accounts which include securities, interest, dividends, proceeds from sales, and other income to help you calculate your total taxable income.
- **Interest Income**: If you earned \$10 or more in interest from a bank, brokerage, or other financial institution, you should receive a 1099-INT and report the income.
- **Energy Efficient Home Improvement Credit**: You can take a tax credit of up to \$1,200 per year. The percentage of cost for figuring the credit is 30% (until you reach a limit). This credit is for exterior doors, windows, skylights, insulated materials, central air conditioners, water heaters and heat pumps. Boilers have a separate annual credit limit of \$2,000.
- **Childcare**: Expenses from a childcare company will provide you with a letter with all the information. Childcare expenses from an Individual I will need their Social Security number, address and amount you paid in 2024.
- **College Tuition**: You or your dependents should receive a form 1098-T for college tuition also Pell grants and scholarships. Sometimes the forms aren't mailed out, but you can find them at the college/universities E-service account. You might qualify for a refundable or non-refundable tax credit.
- **Electric Vehicles Tax credit**: Those who buy new electric vehicles may be eligible for a tax credit of up to \$7,500 and used electric car buyers may qualify for up to \$4,000. Do some due diligence on this topic before you purchase an EV.
- **College 529 Plan**: Minnesota allows both a nonrefundable income tax credit and an income tax subtraction for contributions to any state's 529 plan. A taxpayer may claim either the credit or the subtraction, but not both.
- **Retirement**: 401(k), 403(b) and governmental 457 plans contribution limit for 2025 are \$23,500. The maximum contribution to a Traditional/Roth IRA in 2024 & 2025 is \$7,000 for those under 50 years old and \$8,000 for those age 50 or older. If you are self-employed, it's in your hands to set up a retirement plan for yourself. You have many options to choose from including an Traditional IRA/Roth IRA, SEP, Simple IRA or Solo 401-K.